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MEMORANDUM FOR THE DCI

SUBJECT: The EXCOM/NRO: A discussion of the Management Issues.

In response to your note of 23 June, the following is a general discussion of the issues that have been raised in connection with the EXCOM/NRO management structure. It attempts to illuminate the alternative solutions to these issues and the arguments that have been put forth in their favor. It pays particular attention to the opinion of the PFIAB, which, in general, is also representative of our views and those of other non-Defense interests.

I. OUTLINE OF THE ISSUES

1. Should there be an EXCOM?

2. The membership of EXCOM (assuming DCI in the chair)

- The Defense member

- o AD^S(I)
- o Secretary of AF
- o Deputy Secretary of Defense

- The Third member

- o none
- o OMB Assistant Director for National Security
- o Director of NSF
- o A principal NSC staffer or member of the PFIAB
- o A high State Department official

3. The hierarchical position of the DNRO

- A "covered" position

NRO review(s)
completed.

- o AF - Under Secretary
- o non-AF

- DDR&E
- Deputy DDR&E
- ASD(I)

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- An "open" position

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4. The final authority for NRP decisions

- Secretary of Defense decides when EXCOM cannot agree
- DCI (as chairman of EXCOM) decides when EXCOM cannot agree
- Refer to President when EXCOM cannot agree

5. The "separateness" of the NRP from the Defense budget

6. An NSCID for the NRP

II. DISCUSSION

1. Should there be an EXCOM? The PFIAB may want to hear the DCI's opinion about the continued need for an NRP Executive Committee. They ask this question not because they no longer believe that the DCI needs an executive connection with the National Reconnaissance Program, but because they hope for an eventual arrangement whereby the DNRO can report directly to the DCI. Although this may be possible some day, the Board would no doubt agree that at this time it would be impracticable and unwise to assume that the Secretary of Defense would relinquish his own participation in the executive decisions of the NRP. It is more likely that doing away with the EXCOM would only diminish the DCI's inference over these decisions.

The problem then is to find a way for both the Secretary of Defense and the DCI to have executive participation, and, if possible, fulfill the President's November 1971 directive by giving the DCI a leadership role. It has been suggested that this might be accomplished by giving the IRAC an executive function. However, the President's directive makes IRAC advisory to the DCI and in view of the other activities that come under the purview of IRAC, particularly the CIA program, it seems doubtful that the DCI would want to have it any other way. All things considered, then,

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the Executive Committee, with the DCI in the chair, seems to be the best solution yet suggested.

2. The membership of the EXCOM

The Defense Member. Possible candidates for the Defense member are the Deputy Secretary of Defense, who was the member (and chairman) up until a few months ago, the ASD(I), and the Secretary of the Air Force. Most people believe that the Deputy Secretary of Defense is the proper Defense representative on the EXCOM. The PFIAB is a strong proponent of this view. They believe that the proper functioning of the EXCOM requires the prestige and presence of the Deputy Secretary. They point out that neither the ASD(I) nor the Secretary of the Air Force holds a position from which he can personally commit the Defense Department on important NRP issues, and any opinions expressed by them at an EXCOM meeting would always be contingent upon later review by the Deputy Secretary of Defense or the Secretary.

A further argument against the ASD(I) as the Defense member is based on the view held by the NRO, the PFIAB and most others outside DOD that the NRP, like the CIA, should be protected from unilateral budgetary review and manipulation by the regular DOD decision machinery. The viability of this concept is of course enhanced by an arrangement which makes the DNRO clearly independent of the individual who has review authority over the Defense intelligence budget - the ASD(I). There is no doubt that if the ASD(I) is the Defense member of EXCOM, the DNRO would find it hard to avoid reporting to him for day-to-day activities and fiscal guidance.

Another thing to be considered with regard to the Secretary of the Air Force as a possible member is the fact that this arrangement

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would tie the NRO structure more closely to the Air Force. The arguments for and against this are discussed below in section 3.

The Third Member. There is general discomfort with a two-member Executive Committee. Among the possibilities for the third man, one of the most obvious is the OMB Assistant Director for National Security. He has always attended meetings and participated in the decisions and he will no doubt continue to do so. In some respects then, it is only a formalization to make him a member. On the other hand, from a bureaucratic standpoint he has nothing substantive to contribute to committee deliberations, and there is something to be said for keeping the OMB at arms length with regard to executive decisions. There is also reason for the OMB itself to be concerned that it, being a review authority for the President, should not be formally committed by the decisions of the EXCOM. The PFIAB would probably oppose having OMB represented on the Committee.

It is also possible to consider a principal NSC staffer or one of the technical advisors of the PFIAB as the third EXCOM member. However, since Mr. Kissinger is the natural review authority for the EXCOM decisions, he may not find it appropriate to have one of his advisers as a participant in decisions which may later come to him for adjudication. The Chairman of PFIAB has already concluded that it would not be appropriate to have one of his members on the EXCOM.

Another possibility would be the Director of the National Science Foundation. He has assumed the responsibilities of the President's Science advisor, and could be appointed in that capacity to avoid involving the National Science Foundation as an organization. He is otherwise independent

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of the intelligence decision-making process and he would provide an independent technical opinion on program issues which in most cases have high technical content.

A final possibility is a representative of the State Department: Mr. Rush or Ambassador Porter. State has considerable stake in the reconnaissance programs and its representation could provide an appropriate balance to the DOD in such matters as treaty monitoring and the intelligence requirements associated with international trade and other non-military relationships. The participation of either Mr. Rush or Ambassador Porter would probably force the Deputy Secretary of Defense to accept membership. Their membership would also enhance the DCI's position as chairman and in situations where they opposed a DOD position, they would relieve the DCI from carrying this burden himself.

3. The hierarchical position of the DNRO. Historically the DNRO position has been covertly double hatted with a high-level position in the Air Force--originally the Assistant Secretary for R&D and recently the Under Secretary. This has been done to protect the security of the NRP, but it has prevented incumbents of the position from spending more than about half time on the DNRO responsibilities. There is general agreement that directing the NRO is a full time job.

An "open" position. The first issue to be faced then, is whether the DNRO should be continued as a covert position or whether it should be established as an unclassified "open" position. (An open position assumes only that the title of the Director and the existence of the NRO and NRP is unclassified, but that the content of the NRO program and details of its budget remain secret.)

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There are a number of advantages to an open position:

a. It would move in the direction of the inevitable relaxation of security surrounding the reconnaissance programs. This movement is reflected in the recent approval by USIB to downgrade the "fact of" reconnaissance satellite operations to Secret, and by a growing body of opinion in favor of further declassification.

b. It would make the DNRO visibly separate from the traditional DOD hierarchy and help emphasize the interagency, "national" character of his position.

c. It would make the DNRO available to spend full time on the NRO job.

d. It would make the NRO management structure available to accommodate under its management umbrella some non-satellite, "open" intelligence programs, such as the ARIS ships, the Shemya radar, and perhaps many of the peripheral reconnaissance flights.

There is, however, a serious disadvantage to an open position: It invites attention to the existence of the NRO and its "secret" budget and would undoubtedly attract additional attention from the aerospace news media. It therefore increases the risk of further exposure of the "fact of" satellite reconnaissance and of the purpose of the National Reconnaissance Office. Note, however, that a reduction of privacy for the NRO as an organization does not necessarily lead to a reduced security for the content of the satellite programs. Those who would seek information about program content already know that satellite programs exist and what companies are involved.

The PFIAB will probably come down in favor of the "open" position. Their overriding objective is an NRO that is "national" in character and visibly separate from DOD, and one that can undertake the management of some of the sensitive non-satellite programs such as the peripheral aircraft

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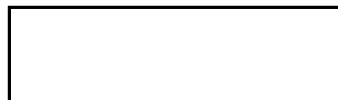
missions. If they could, they would like to get this and still keep the NRO covert. However, the only practicable way of hiding the function and title of the DNRO without "covering" it with an existing DOD position is to put the DNRO in the CIA, perhaps as another Deputy Director. This approach would no doubt be unacceptable to the Department of Defense at this time. On balance, therefore, it is likely that the Board will put aside their natural concern about the security risk and opt for an "open" DNRO position.

A "covered" position. If, however, security turns out to be the overriding consideration and a covered position is still desired, then the question becomes: should this position be in the Air Force or in the Office of the Secretary of Defense. This is a complicated question and as a technique for fleshing it out, it is instructive to review the arguments that would be made by the Air Force, which wants the DNRO covered by the Under Secretary of the Air Force, and the PFIAB which -- if it cannot have an open position -- would want to use some non-Air Force DOD position.

The Air Force bases its preference for the Under Secretary almost exclusively on the argument that booster and tracking system support to the NRO program comes from the Air Force and that it would be more difficult to get Air Force cooperation if the DNRO were not also an operating manager of the supporting Air Force programs. (It is for this reason that the Under Secretary position is preferred to the Assistant Secretary for R&D position -- the Under Secretary is in the operating chain of command, whereas the Assistant Secretary for R&D is not.)

The PFIAB, however, would dismiss this argument by pointing out that

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the Air Force has supported NASA and COMSAT Corporation with booster and tracking support without difficulty to either of these customers even though there was no common management control. In support of their belief that the DNRO should be covered by a position outside the Air Force, they would argue that the present NRO is not "national" in character and that its development into a true representative of national interests is hindered by the fact that it is run by the Air Force. They would point to the heavy proportion of Air Force officers on the NRO staff and to the fact that the DNRO and the NRO staff have generally assumed adversary positions with respect to non-Air Force operating components of the NRO and have thereby exacerbated rather than controlled the natural and desirable competition that is inherent within the organization. The Board would argue that a DNRO in an OSD (non-Air Force) position would have a more objective and even-handed relationship with all the operating elements and would be in a better position to make program decisions from a "national" perspective.

At the same time, the PFIAB is very much opposed to giving the DNRO position to the ASD(I). The Board believes that this would seriously endanger the DCI's ability to maintain a strong influence over community resources. They would argue that the ASD(I) already has review authority over the CCP and the GDIP, and if he also gains authority over the NRP, the DCI would then have to look over the ASD(I)'s shoulder to review every component of the intelligence budget but that of the CIA. The Board therefore believes that the DCI's position is enhanced by a situation which makes him the only adjudicator of issues that cross NRP-CCP/DGIP lines. This situation is insured by a DNRO who is separate from the ASD(I) and who has

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a position parallel to him with respect to the DCI and the Secretary of Defense.

If one eliminates the ASD(I) from contention, then two OSD positions are the most likely non-Air Force candidates for covering the DNRO job -- the DDR&E or his Deputy. Other than the concern about the workload this would place on these people, there would probably not be any serious objections to either of these alternatives. In this regard, it is worth noting that Dr. Currie, the current DDR&E incumbent, has told us that he planned to put a great deal of the responsibilities for day-to-day operations into the hands of his Deputy. If he follows through on this, he may be able to take on additional personal responsibility.

4. Final Authority of the NRP. The current NRP agreement and charter specifically provides that the Secretary of Defense will exercise final authority over the NRP. By the existing agreement then, any matter on which the EXCOM cannot agree is to be referred to the Secretary of Defense for final decision. Despite these words, past controversies which were sufficiently important to cause a clearcut EXCOM difference of opinion were eventually taken to the President for decision. The OXCART termination and the [] were cases in point. In both instances, however, the fact that the NRO agreement is worded as it is caused considerable discomfort and embarrassment to the DNRO and the EXCOM members because it was difficult to get past the Secretary of Defense, who thought he should have the final say. In the case of [] Mr. Helms had to take the issue forward without the concurrence of Mr. Laird. Thus, there is plenty of experience to prove what is already self-evident: it is

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bureaucratically impracticable for the Secretary of Defense to be the final authority over issues about which the DCI has a strong opinion. It is also impracticable for the DCI, as the chairman of EXCOM, to assert the role of final authority when there is a serious objection from the Defense representative. (It is worth noting in this connection that the ability of the Secretary of Defense to assert the role of "final authority" is further weakened by the existence of a third member on EXCOM, particularly if that member were a high ranking official in the State Department.)

On balance, therefore, the most workable arrangement is one in which the NRO charter would clearly state that the DNRO reports directly to the EXCOM as his review authority and that the EXCOM refers issues of committee disagreement directly to the Office of the President. This requires a change in the text of the current NRP charter.

In the many attempts that have been made to construct such textual changes, a major obstacle has been raised by those who wish to explicitly identify the "executive agent" of the NRP budget. The dilemma this poses is clear: the NRP is allocated by Congress as part of the DOD budget and in purely legal terms the Secretary of Defense has a responsibility to Congress for its expenditures. Therefore, to attempt to specify the DCI as the NRP executive agent raises an unreconcilable controversy. On the other hand, to so specify the Secretary of Defense in the charter implies for him the role of "final authority" over EXCOM's decisions. All things considered, then, the best way to deal with this is to scrupulously avoid any reference to an "executive agent" in the charter, insuring instead that the text clearly establishes the command relationship between the DNRO

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and the EXCOM and the direct relationship between the EXCOM and the President.

5. The "separateness" of the NRP budget. The above considerations lead directly into an issue which is of fundamental importance to all those who seek a revision and strengthening of the NRO charter. Those, such as the PFIAB, who believe that the NRP has national responsibilities that go beyond DOD interests have long chafed at the ability and willingness of the Secretary of Defense to make unilateral trade-offs between the NRP and the Defense budget. They would like the text of the NRP charter to make it clear that the NRP is protected from such action by Defense management and that the EXCOM is the only authority that can make decisions concerning it. Most of the drafts that have been proposed have therefore prescribed that the NRP be handled like the CIA budget: hidden in but completely separate from the Defense budget. Any negotiations about a new NRO charter should attempt to include this kind of text.

6. An NSCID for the NRP. There has been a great deal of pressure developing over the past year to promulgate an NSCID which would formally establish the NRO as a separate organization of the intelligence community, and give it the same presidential mandate that NPIC has through NSCID No.8 and NSA through NSCID No.6. There is general agreement that this is an appropriate thing to do. The PFIAB is a very strong supporter of an NSCID and probably will discuss this with the President in the near future. Dr. McLucas has also been urging this action. He argues that an NSCID would give him the bureaucratic leverage he needs to protect the interests of the National Reconnaissance Program and has indicated that he finds it

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particularly difficult to negotiate with the NSA, which stands behind the authorities given it by NSCID No.6, and with the ASD(I), who assumes prerogatives with respect to NRP fiscal and program guidance.

Despite this general agreement about the appropriateness of an NRO NSCID, a draft has yet to be proposed formally to Dr. Kissinger or the President. The PFIAB had a letter prepared to go to the President last fall but did not send it forward because of expected opposition from Mr. Laird. However, the prospects of successfully negotiating an agreement have become brighter with Dr. Schlesinger's assumption of the Defense leadership, the recent re-appointment of the PFIAB and the likelihood that the Board will raise the issue with the President.

This would therefore be an opportune time for you to take the initiative on this. The attached draft NSCID (tab 1) would be a mechanism for opening the negotiation. It leaves open the name of the third EXCOM member and the hierarchical position of the DNRO but deals with all the other issues discussed above. Except where indicated, it is identical to a draft approved by Dr. Schlesinger when he was preparing to negotiate with Mr. Richardson. His negotiation was not successful for reasons that we do not completely understand. We do know, however, that Dr. Hall and other parts of the DOD staff raised objections which no doubt were a major factor in bringing the proceedings to a standstill. The changes that are indicated on the attached draft would probably relieve some but certainly not all of the DOD staff objections. This draft would probably be acceptable to the PFIAB.

Also attached (tab 2) is a modification which assumes that the DNRO would be an "open" position and could be used to focus discussion on that issue.

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NATIONAL SECURITY COUNCIL
INTELLIGENCE DIRECTIVE NO. ____

THE NATIONAL RECONNAISSANCE PROGRAM

1. Satellite and other special reconnaissance of foreign activities is a national responsibility, and must be so organized and managed as to aggressively and imaginatively exploit to the maximum technology, operational resources, and facilities of the government to satisfy the intelligence requirements of the National Security Council and of the several departments and agencies of the government.

Therefore, in the interest of national security and pursuant to the National Security Act of 1947, as amended, the National Security Council authorizes and directs the establishment of a National Reconnaissance Program to be managed as prescribed herein. This directive supersedes the "Agreement for Reorganization of the National Reconnaissance Program" dated 11 August 1965.

2. a. The National Reconnaissance Program is hereby established as a single national program for the development and operation of the intelligence collection activities and systems listed in Annex A.

b. Funds for this Program will be programmed within the Executive Branch and presented to Congress under the title: National Reconnaissance Program. These funds will be programmed, managed and accounted for separately from those of the DOD and CIA, even though for security purposes the funds may be dispersed in the public budgets under another identification.

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c. The National Reconnaissance Program will be supervised by an Executive Committee whose membership will consist of the Director of Central Intelligence as Chairman, the Deputy Secretary of Defense and _____.(1)

d. The National Reconnaissance Program shall be responsive directly and solely to the intelligence collection requirements and collection priorities established by the Director of Central Intelligence, with the advice of the United States Intelligence Board.

e. Mission initiation, targeting requirements, priorities, and frequency of coverage of denied areas by both satellite and aerodynamic vehicles shall be the responsibility of the Director of Central Intelligence, subject to the operational approval of the 40 Committee.

f. The Director of Central Intelligence will provide security policy guidance for the protection of sensitive National Reconnaissance Program activities.

3. a. The National Reconnaissance Office is established as a separate office and its Director is responsible for directing the National Reconnaissance Program. The National Reconnaissance Office will be located at whatever facility is mutually agreed upon by the Secretary of Defense and the Director of Central Intelligence to be consistent with efficient conduct of its operations and appropriate for desirable security and cover.

(1) The draft approved by Dr. Schlesinger read as follows:
".....whose membership will consist of the DCI as chairman, and a representative of the Secretary of Defense. The Director, NSA, Director, DIA, DD/S&T/CIA, and others may be advisors to the Committee as appropriate.

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b. The Director of the National Reconnaissance Office will be under the supervision of the Executive Committee.(2) The Director and Deputy Director (3) of the National Reconnaissance Office will be selected jointly by the Secretary of Defense and the Director of Central Intelligence.

c. The National Reconnaissance Office will implement the Program as assigned, through operating activities in the Department of Defense and in the CIA. The Secretary of Defense and the Director of Central Intelligence will establish separate units within their representative organizations as deemed necessary by the Executive Committee for the research and development, procurement and operation of assigned portions of the National Reconnaissance Program under the direct control of the Director, National Reconnaissance Office. In addition, they will provide such other support to the National Reconnaissance Program as may be required for efficient operation.

d. The National Reconnaissance Office will be staffed by personnel drawn from the Department of Defense, the Central Intelligence Agency, and other government agencies. The National Reconnaissance Office staff will report to and be responsive to the Director of the National Reconnaissance Office and his Deputy.(3)

(2) The original draft read ".....under the supervision of the Director of Central Intelligence acting on behalf of the Executive Committee."

(3) The original draft did not include this reference to the Deputy Director.

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4. The Executive Committee will:

- a. Review the National Reconnaissance Program content, balance and responsiveness and its budget.
- b. Review the allocation of responsibilities and the corresponding funds for research, development and operation of new systems. Funds shall be adequate to ensure that a vigorous research and exploratory development effort is achieved and maintained by the Department of Defense and the Central Intelligence Agency to design and construct new sensors responsive to intelligence requirements specified by the Director of Central Intelligence, with the advice of USIB.
- c. Establish guidelines for collaboration between the various agencies and departments of the government in matters related to the NRP and for mutual support where appropriate.
- d. Meet on the call of any member.

5. The Director of the National Reconnaissance Office will:

- a. Subject to the direction of the Executive Committee, (4) have sole responsibility for the management and operational control of all projects of the National Reconnaissance Program.
- b. Through appropriate recommendations to the DCI and the Executive Committee ensure that the assignment of responsibilities and funds for research, development and program operation will within available resources exploit the full potentialities of the concerned agencies of the government, and be in accordance with established requirements and priorities.

(4) The original draft read "Subject to the direction of the Director of Central Intelligence,"

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c. Have full access to information on all programs and activities undertaken as part of or in support of the National Reconnaissance Program.

d. Maintain and provide to the members of the Executive Committee records of the status of all projects, programs and activities of the National Reconnaissance Program in the research, development, production, and operational phases.

e. Prepare a comprehensive budget for all aspects of the National Reconnaissance Program and defend the budget as required.

f. Establish a fiscal control and accounting procedure to ensure that all funds expended in support of the National Reconnaissance Program are fully accounted for and appropriately utilized by the agencies concerned. In particular, the budget shall show separately those funds to be applied to research and exploratory design development, systems development, procurement, and operational activities.

g. Sit with the United States Intelligence Board.

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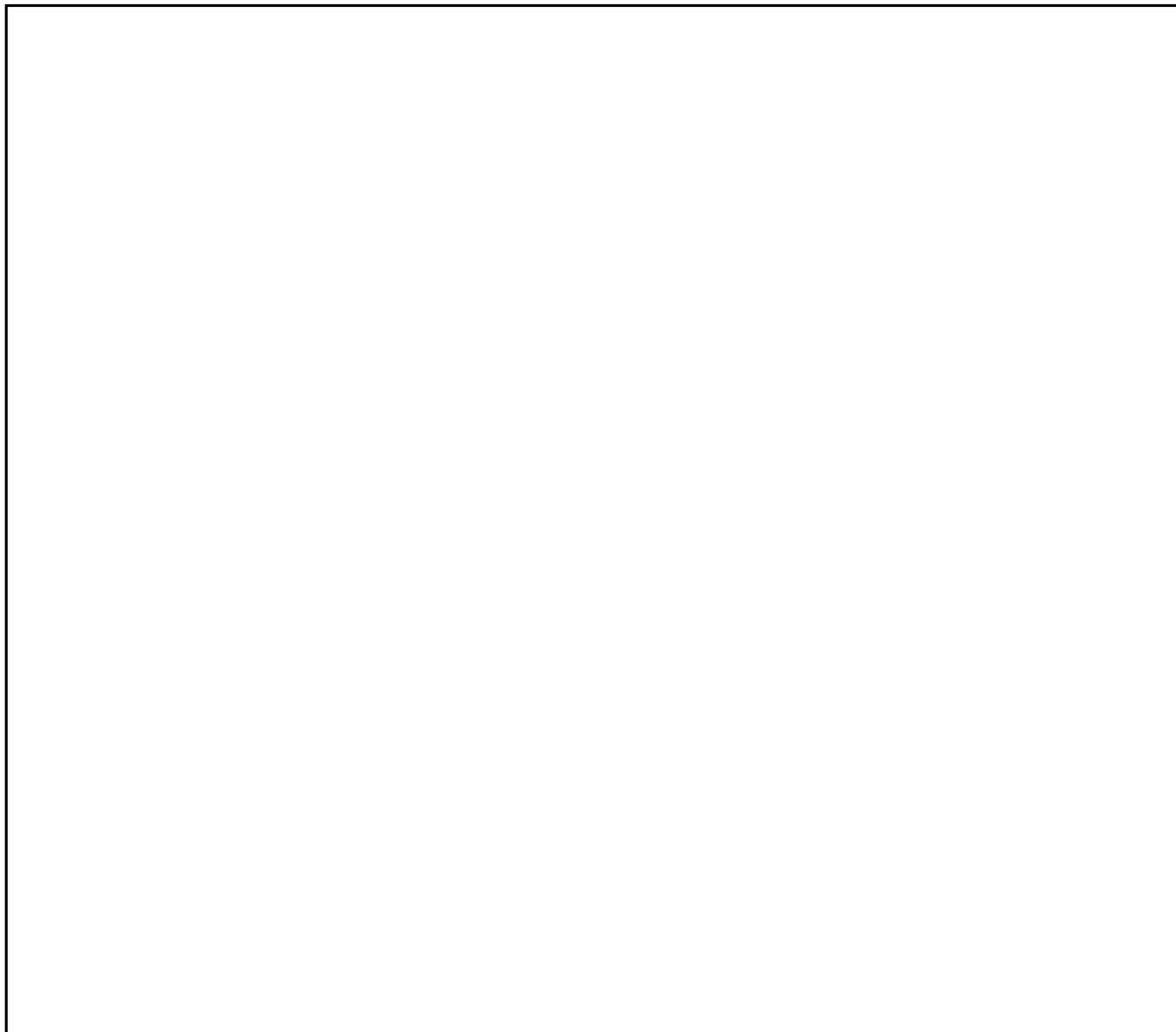
ANNEX A

TO

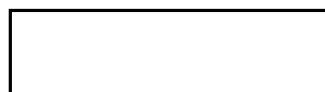
NATIONAL SECURITY COUNCIL INTELLIGENCE DIRECTIVE ____

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The National Reconnaissance Program will be comprised of the following activities and systems:



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If an "open" position is determined to be appropriate for the DNRO, the following paragraph should be added to the NSCID:

6. Security

a. The title: "National Reconnaissance Program" and the total funds associated with this program will be Unclassified and will be listed as a line item in the unclassified Defense Budget. The breakout of the funds and the content of the program will be protected according to security measures directed by the DCI.

b. The existence of the Executive Committee and its function to supervise the NRP will be Unclassified.

c. The existence of the National Reconnaissance Office and its function to administer the NRP will be Unclassified. The details of its operation and the content of its program will be protected according to security measures directed by the DCI.

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